



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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September 19, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

John F. Krattli
County Counsel

SUBJECT: **EXTENSION OF THE DUE DATE FOR THE DEPARTMENT OF PUBLIC
HEALTH DRUG MEDI-CAL PROGRAM REVIEW (Board Agenda Item
5, August 13, 2013)**

On August 13, 2013, your Board instructed the Auditor-Controller (A-C) to complete a program audit of the Drug Medi-Cal (DMC) program, including a review of the recommendations for program improvement that the Department of Public Health (DPH) outlined in its July 26, 2013 memo to the Board. The Board also instructed the A-C to include in its program audit, recommendations that would improve the program integrity of all alcohol and drug programs administered by DPH.

In addition, your Board instructed County Counsel (Counsel) and the A-C to report back in 30 days with:

1. An analysis of the County's legal obligations to contract with, and provide oversight for, local DMC providers, including an analysis of the services provided and the source of the obligation, if any, to provide those services; and
2. A determination of the County's legal authority to audit and terminate contracts with local DMC providers, including an analysis of the State's obligation in these regard and a discussion of how that obligation intersects or conflicts with the County efforts.

The A-C has completed its review of the DMC program within Los Angeles County and has prepared a preliminary draft report. In addition, Counsel has completed its initial analysis of the County's legal obligations and authority to audit the DMC service providers, and the State's obligations in these regards.

We are currently planning to meet with representatives from the State and DPH to discuss the results of the program review and the County's legal obligations. We anticipate issuing our report to your Board by October 11, 2013.

Please call us if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301 regarding the DMC program review or Sharon Reichman at (213) 974-1866 regarding the County's DMC program legal obligations.

WLW:JFK:AB:DC

c: William T Fujioka, Chief Executive Officer
Sachi A. Hamai, Executive Officer, Board of Supervisors
Jonathan E. Fielding, M.D., M.P.H., Director Department of Public Health
Public Information Office
Audit Committee